GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:5223
ANSWERED ON:20.04.2001
ROLE OF EPCS IN INDIA S EXPORT
LAXMINARAYAN PANDEY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the role played in India`s export efforts by the Federation of Indian Export Organisations, various Export Promotion Councils and the Government officers nominated to the Committee of Administration, Managing or Executive Committees of these Bodies;

(b) whether any guidelines have been issued to reorganise their Articles of Association to become more transparent and members friendly; and

(c) if so, the details thereof and results thereof?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN)

(a) : There are 20 recognised Export Promotion Councils (EPCs) in the country. Federation of Indian Export Organisation (FIEO) is the apex body of EPCs and other Trade PromotionOrganisations and its objectives, inter-alia, includes coordinating export promotion activities of its constituent members, to promote the development of export trade etc. Each EPC is responsible for the promotion of a particular group of products, projects and services with the objective to promote and develop the exports of the country. Their main role is to project India`s image abroad as a reliable supplier of high quality goods and services. In particular, they are charged with the responsibility of encouraging and monitoring the observance of international standards and specifications by exporters and keeping themselves abreast of the trends and opportunities in the international markets with a view to assisting their members in taking optimum advantage of such opportunities in order to expand and diversify exports. Government officers as nominated members to the Committee of Administration, Managing or Executive Committees of these bodies advise them about the need of various exports promotion initiatives required to be taken for promotion of exports of their group of products.

(b) : In view of the significant changes that had taken place in the international trade environment in recent years, especially after the conclusion of the Uruguay Round and the establishment of the WTO, it was felt necessary to restructure the EPCs and FIEO with a view to making them more responsive to the needs of their members as well as to introduce greater professionalism for improving the quality of services being provided to their members. The Government has accordingly prescribed a set of Model Bye Laws/Articles of Association for adoption by EPCs.Draft Model Bye-Laws for adoption by FIEO have been sent to FIEO for their response. Adoption of the Model Bye Law/Articles of Association by EPCs and FIEO will lead to rationlisation of their administrative and electior procedures thereby ensuring that real exporters have more effective say in the management of EPCs and FIEO, thus contributing greater efficiency and transparency in their functioning.

(c) Guidelines issued concerning membership norms of EPCs and measures proposed to streamline/strengthen EPCs are:

1. Membership Norms :

With a view to giving the voting rights and right of standing for election to various positions in the EPCs only to such members as are having an established standing over a minimum period of 3 years, it has been stipulated that there will be two categories of members namely; Associate Members and Ordinary Members. A person shall be eligible for admission to the Council as Associate Member on receiving the Import Export Code number from Directorate General of Foreign Trade in respect of the product with which the Council is concerned. An associate member of the Council for atleast three continuous years would be eligible for ordinary membership of the Council provided the company represented by him has to its credit during the three financial years, immediately preceding, average exports in respect of the product of not less than Rs.10 lakh for SSI and Rs.25 lakh for other than SSI companies. The ordinary member shall have the right to vote at the meetings of the Council and offer himself as a candidate at elections to various positions in the Council.

2. Greater attention to important existing and emerging industry segments:

With a view to giving greater attention to some important segments within an existing industry group and also to provide coverage to commodities or sectors presently not covered by any of the EPCs, creation ofa new vehicle viz. Export Promotion Forum (EPF) has been proposed. Permission for creation of an EPF may be considered on fulfillingthe prescribed conditions. However, such permission shall be subject to :

(i) The members agreeing to build up a corpus of Rs.1.00 crore when the society is registered which should increase to Rs.3.00 crore within 4 years. The principal amount of the corpus shall be maintained intact and the EPF shall manage its expenses from the interest earnings, membership fees etc.

(ii) The members of the EPF shall continue to be members of concerned EPC and shall continue to pay the membership fee to the concerned EPC till such time as the EPF is not converted into an EPC. (This will not be applicable to industry segments not covered under any EPC).

(iii) The staffing structure should be purely professional and as far as possible, the staff should be engaged on contract terms. The EPF shall meet its administrative expenses from its own resources. No funding shall be provided to them by the Government for this purpose.

Subject to satisfactory performance on the basis of guidelines to be laid down by the Ministry of Commerce, the EPF will be eligible to be converted in a full-fledged EPC on completion of four years of its registration as an EPF. However, in the case of an EPC for industry segments not covered under any existing EPC, there will be no minimum waiting period.On conversion into an EPC, it shall be eligible for MDA grants for its export promotion activities only. It shall also be entitled to all other benefits/facilities available to the existing EPCs.

3. Principles to be adopted by existing EPCs:

Guidelines have been issued to the existing EPCs to engage the staff on contract terms as far as possible and to makethe staffing structure purely professional over a period of five years. The existing EPCs have also been advised to build up a minimum corpus of Rs. 3 crore over a period of five years as applicable to the EPFs and to maintain the principal amount of the corpus intact and to manage its expenses from the interest earnings, membership fee etc.

4.Umbrella EPF for service industry:

For important segments of Services Industry, an Umbrella EPF may be constituted. As and when individual service export industry builds up adequate demand and resources for a separate EPF, it may be allowed to break away from Umbrella EPF.

5. Creation of a Service Cell:

A Service Cell may be created in the Ministry to provide focussed attention to the needs of service industries with an export potential. The Service Cell would also, inter-alia, advise regarding constitution of EPFs for individual service sectors.

6. Election:

It shall be the responsibility of the EPCs to ensure that the elections for the vacant seats are conducted well before the expiry of the term of the retiring members. The elected members shall automatically retire on the completion of their tenures.

7. Voting Rights:

Only elected members of the Managing Committee of EPCs shall have voting rights and the nominated/co-opted members shall not have such rights.
The Model Bye-Laws/Articles of Association sent to EPCs have already been adopted by 10 EPCs (Capexil, G&J EPC, Shella EPC, OCCI, SGEPC, Plastics EPC, TEXPROCIL, Indian Silk EPC, SRTEPC, Handloom EPC) 9 EPCs (Cashew EPC, CLE, ESCEPC, EEPC, Powerloom Development EPC, Carpet EPC, AEPC, EPC for Handicrafts, W&WEPC) are in the process adopting these Model Bye-Laws/Articles of Association.Basic Chemicals, Pharmaceutical & Cosmetics Export Promotion Council, Mumbai has not so far intimated its stand regarding adoption of Model Articles of Association/Bye-Laws.The Department is in touch with them for early adoption of Model Articles of Association/Byelaws.